

**17. DEPARTMENT OF COMMERCIAL TAXES, KERALA**

**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION  
U/S.94 OF THE KERALA VALUE ADDED TAX ACT, 2003.**

Members present are:

1. V. Murukesh Kumar, Deputy Commissioner (General), O/o.CCT, Tvpm.
2. R. Rajasekharan Nair, Deputy Commissioner (Audit & Inspection), O/o.CCT, Tvpm.
3. K.M. Althaf, Deputy Commissioner (Intelligence), O/o.D.C (Int), Tvpm.

Sub: KVAT Act, 2003 – Clarification u/s.94 – Rate of tax of certain commodities used as Industrial inputs - Orders Issued.

Ref: Application from M/s Huntsman International Ltd, Kozhikode dated 2/5/2008.

**Order No.C3/18722/08/CT dated 4/11/2009**

1. M/s Huntsman International Ltd, Kozhikode has filed an application U/s 94 of the KVAT Act 2003, seeking clarification on the rate of tax of certain commodities used as industrial inputs.

2. The applicant is a Private Ltd Company incorporated under the Companies Act 1956 and registered on the rolls of O/o Commercial Tax Officer, IVth Circle having TIN and is engaged in the business of trading Poly Urethane chemicals, which are reported to be used as raw materials for rexin industries, footwear manufacturing industries etc.

3. The applicant deals in the following commodities:

Sl.No	Name of Commodity	Central Excise Tariff No.
1	POLYOLS (RESIN)	3907.20.90
2	ISOCYANATE	2929.10.90
3	ADDITIVES	3824.90.90
4	IROSTIC	3909.50.00

4. The applicant has submitted the following commodity details:

No.	Commodity	Description as per the Bill of Entry	HSN Code as per the Bill of Entry
1	Polyols (Resins)	KONIX FA 505 (POLYOL HIGH VALUE)	3907.20.90
2	Isocyanate	SUPRASEC 5005 (ISOCYANATE)	2929.10.20
3	Additives	DABCO (CATALYST)	3815.90.00
		TEGOSTAB (SURFACTANT)	3402.11.90
4	IROSTIC	IROSTIC (POLYURETHANES)	3909.50.00

The applicant has also submitted the details of another commodity Polycat, with HSN Code 3824.90.90.

5. The applicant has submitted that above commodities are Industrial Inputs which are used as raw materials for manufacturing industries. They do not have any direct use as finished goods.

6. The applicant has contented that on the basis of Rules of Interpretation appended to the Schedules, the commodity Polyols with HSN 3907.20.90 would fall under Entry 118(7), of List A, Third Schedule to the Act.

7. With respect to the second commodity i.e. Isocyanate, the applicant deals with two types:

- (a) Phenyl Isocyanate (HSN 2929.10.10)
- (b) Toluene di Isocyanate (HSN 2929.10.20)

The applicant contends that the above said commodity is an industrial input and hence would fall under List A, Third Schedule to the Act.

8. In the case of Additives, the applicant deals with three types which are reported to be Catalysts. They are:

- (a) Dabco
- (b) Tegostab
- (c) Polycat

The applicant would further contend that these goods are Industrial Inputs and hence would fall under List A, Third Schedule to the Act.

9. With respect to the commodity Irostick, the applicant submits that the chemical name is Polyurethane. The applicant submits that even though there is no specific entry, based on the Rules of Interpretation appended to the Schedules, the commodity would fall under Entry 118(9) of the List A, Third Schedule to the Act.

10. The applicant was heard and the contentions raised were examined.

11. The commodity Polyols (Resin) with HSN Code 3907.20.90 would be taxable at 4% vide Entry 118(7) of List A of Third Schedule to the Kerala Value Added Tax Act 2003. The commodity Tegostab (Surfactant) with HSN Code 3402.11.00 would be taxable at 12.5 % vide Entry 27(3) of SRO No.82/2006 with HSN Code 3402. The commodity Irostick (Polyurethane) with HSN Code 3909.50.00 would be taxable at 4% vide Entry 118(9) of List A of Third Schedule to the Act with HSN Code 3909. Since the other commodities are not mentioned in any of the Schedules to the Act, they are taxable at 12.5% vide Entry 103 of SRO No. 82/2006

The issues raised above are clarified accordingly.

Deputy Commissioner (Gen)  
O/o CCT

Deputy Commissioner (A&I)  
O/o CCT

Deputy Commissioner (Int)  
O/o DC (Int), Tvpm